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October 4, 2022.

To: The Director
Corporate Tax Policy Unit
Treasury
Langton Crescent
Parkes, ACT 2600

By e-mail: frankeddistconsult@treasury.gov.au

Dear Director,

We make the following submission in response to the consultation on the proposed legislation relating to **FRANKED DISTRIBUTION AND CAPITAL RAISING**.

We strenuously object to the proposed legislative changes.

We strongly support the view that the draft legislation is hugely disadvantageous for Australian companies and shareholders.

It will almost certainly have a severe impact on legitimate company operations, and unfairly penalise investors... particularly those superannuants and self-funded retirees who make no claim on Government funding or services, but wholly support themselves through the support of those commercial enterprises that drive the Australian economy.

The draft legislation clearly fails, deliberately or otherwise, to recognise the fundamental principle underlying the existing franking regime and the reason for its creation – ie, the avoidance of double taxation on company earnings.

That regime, by the way, introduced by Labor's "world's greatest Treasurer", Paul Keating, whose foresight has powered the commercial engine of the Australian Economy for the past 45 years and, through dividend franking, has helped keep hundreds of thousands of self-funded retirees off the Government's financial back !.

The FRANKED DIVIDENDS AND CAPITAL RAISING draft legislation, if passed into law and widely applied, will lead to the demise of the franking system. It will stop Australian companies which issue new shares under a Dividend Reinvestment Scheme from paying franked dividends, and significantly increase the cost of raising capital for all franked dividend paying Australian companies.

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This proposed legislation would also risk the stability and integrity of the Australian banking system by inhibiting effective capital raising during challenging economic periods, such as the Corona virus pandemic and other international upheavals.

If passed, this legislation would be a grossly unfair burden on Australian investors, with retrospective and iniquitous tax debts, to be paid at a time of increasing worldwide economic uncertainty.

Further, it has been reported in some quarters that the major Union controlled Industry Super Funds would in some way be exempt from the hit on franked dividends... this would be an utter disgrace and travesty of justice, designed to wipe out Self Managed Super Funds and force their members, and their money, into the Industry Funds.

Regardless of the veracity of those reports concerns raised in the previous paragraph, the proposed **FRANKED DISTRIBUTIONS AND CAPITAL RAISING** legislation would be economically incompetent **and hugely politically damaging for any Government** foolish enough to introduce it into law.

Yours sincerely,

Garry & Kerrie Wilkinson,
Self Funded Retirees.

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